



**Office of  
Internal Audit**

FLORIDA INTERNATIONAL UNIVERSITY

**Review of Expense Reports**

**Report No. 20/21-10**

**June 8, 2021**



## Office of Internal Audit

**Date:** June 8, 2021

**To:** Katharine Brophy, Associate Vice President & Controller  
Alexandra Mirabal, Interim Controller

**From:** Trevor L. Williams Chief Audit Executive

A handwritten signature in blue ink, reading "Trevor L. Williams", is placed over the "From:" line.

**Subject:** Review of Expense Reports, Report No. 20/21-10

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### Summary

In April 2021, we discovered a control weakness in the preparation of employee Expense Reports containing expenses paid for with the University's Departmental credit card (hereinafter referred to as "University credit card"). We identified this issue while working with available data in developing a pilot for a continuous monitoring framework for implementation into the Office of Internal Audit workflow. We identified \$27,018 in overpayments mostly<sup>1</sup> to employees during the period of November 15, 2017, through April 5, 2021, due to said control weakness. Of this amount, \$5,055 had been previously identified as overpayments by either the respective employee, department, or the Office of the Controller and had been reimbursed to the University. However, \$21,963 remains uncollected at the time of this report (see Appendix I).

We did not perform an audit in accordance with the *International Standards for the Professional Practices Internal Auditing*. Rather, our testing for this review was limited to gaining an understanding of the relevant process controls. In doing so, we reviewed relevant workflows, systems, records, and personnel practices sufficient to support our conclusions and recommendations.

### Background

Expense Reports are used to reimburse employees for expenses incurred while on travel or during the course of business, and to record expenses to ledgers. From November 15, 2017, through April 5, 2021, the University approved 38,572 Expense Reports, totaling approximately \$39.6 million. Of this total, \$14.2 million was reimbursed to employees.

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<sup>1</sup> \$651.50 was overpaid to a hotel.

## **Travel Authorization and Expense Report Process Flows**

An approved Travel Authorization grants permission to Florida International University (FIU) employees, students, and others who undertake travel on behalf of the University to incur expenses and travel on its behalf. After returning from a trip or incurring an expense, the traveler is reimbursed by submitting a completed Expense Report along with accompanying receipts. In most cases, the data for the Expense Report will be pulled from the preexisting Travel Authorization and modified as needed before submission. The Expense Report must be signed by the employee whose name appears at the top of the document and the employee certifies that the information provided therein is an accurate record of the expenses incurred. The Expense Report is then routed to the departmental Expense Manager for review and approval, and then it is routed to the Travel Department for final approval.

The University's credit card is largely used for departmental purchases and to facilitate third-party travel when one employee is responsible for arranging departmental travel. When completing the Expense Report, the "University Credit Card" option is selected by the employee as the payment method whenever the expense is paid for using a University credit card, making the payment non-reimbursable. The "Out of Pocket" option is selected whenever the expense is paid for by the employee, making the payment reimbursable.

## **Observations**

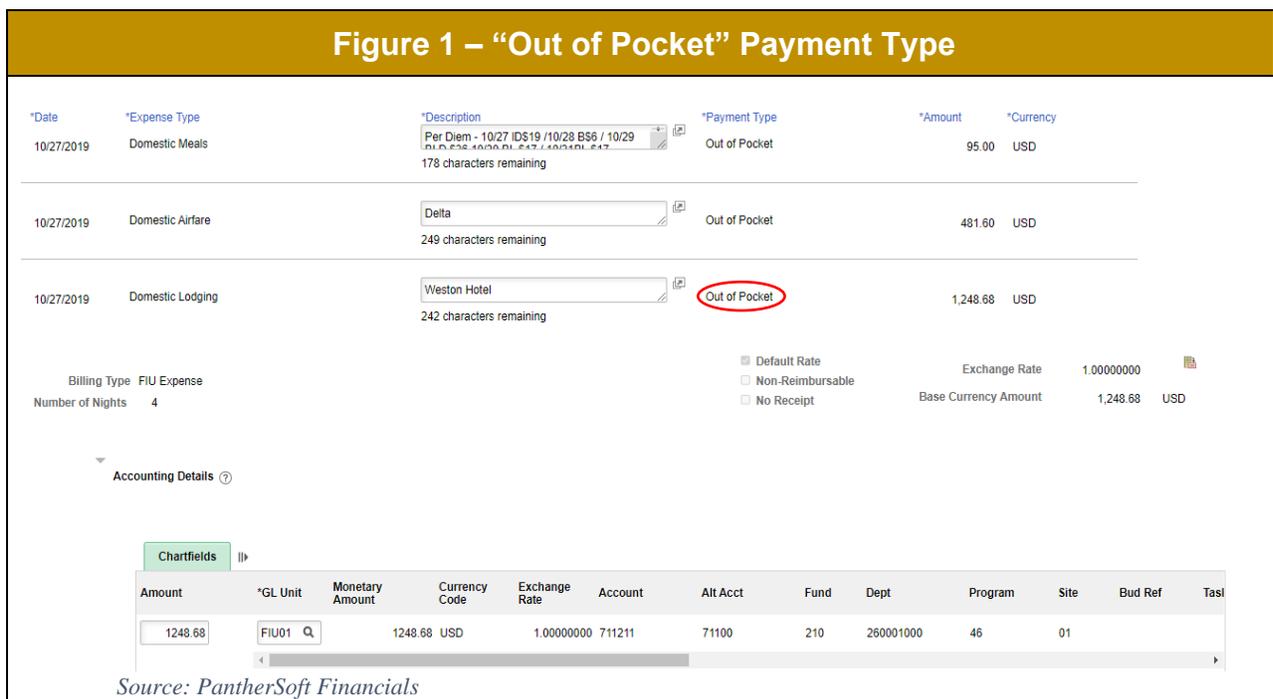
To test whether any improper employee reimbursements had been made, we wrote standard query language (SQL) scripts to query the University's financials system (PantherSoft Financials) and flag reimbursed Expense Report line items over \$200 that were potentially paid with a University credit card. We then reviewed the support from both sources (Expense Report and University credit card transactions) to confirm true matches.

For the period November 15, 2017, through April 5, 2021, we found 54 line items from 50 Expense Reports, totaling \$27,018, where the employee was improperly reimbursed. Of these, we found that eight line items within eight Expense Reports, totaling \$5,055, had been previously identified as overpayments by either the respective employee, department, or the Office of the Controller, and the employee had since reimbursed the University. The remaining 46 line items from 42 Expense Reports, totaling \$21,963, are currently due for collection from current and former employees (see Appendix I).

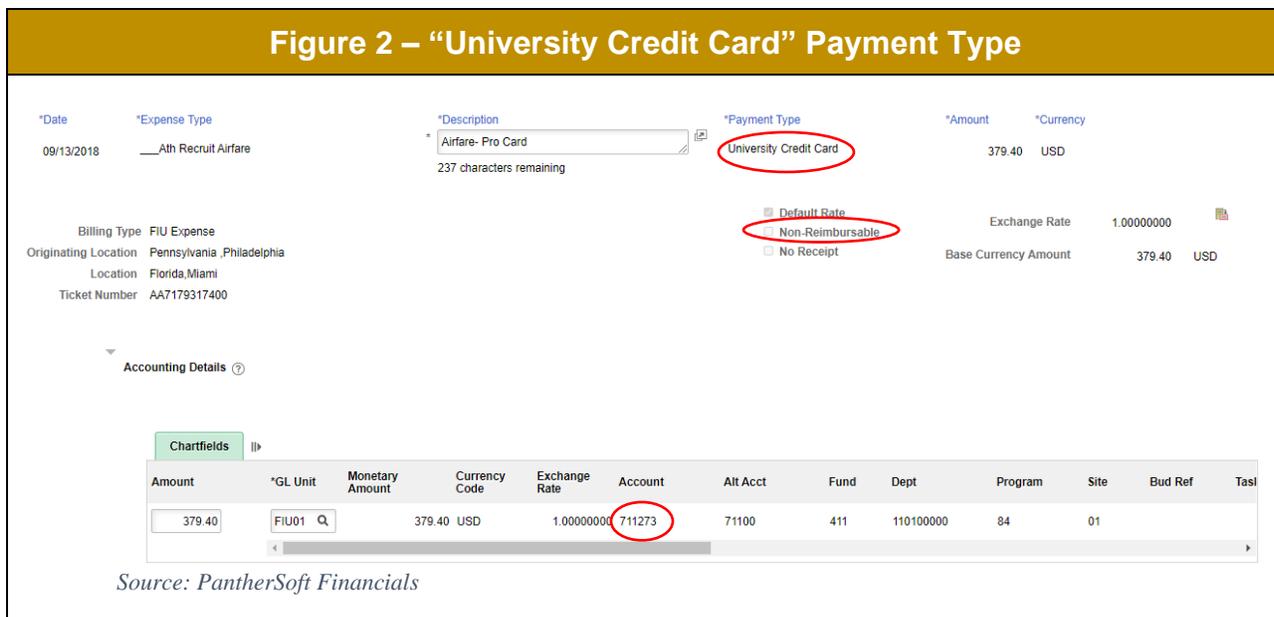
In our Report No. 17/18-05, *Review of Expense Reports*, issued on January 9, 2018, we noted a similar issue, which resulted in identifying \$13,339 of overpayments to employees (of which, \$625 remains uncollected as of the date of this report). The issue at the time was caused by employees not selecting the "Non-Reimbursable" option for expenses paid for with a University credit card. Management addressed the issue by linking the "University Credit Card" Payment Type to the "University Paid – ProCard" Billing Type and making the expense report line non-reimbursable.

The control weaknesses identified in this review that resulted in the stated overpayments, stem from employees making incorrect entry options in expense lines for items that were paid for by a University credit card. The following are two examples of the specific root causes for the noted overpayments:

- The employee selected the “Out of Pocket” Payment Type option for expenses that were paid for with a University credit card. In the example below, a lodging expense was paid for with the University credit card, but the Payment Type was marked as “Out of Pocket” (see Figure 1). Even though the lodging expense was paid for by the University using a University credit card, the employee erroneously received payment for the expense. This accounted for \$22,170 of the \$27,018 (82%) in identified overpayments.



- The employee selected the “University Credit Card” Payment Type option and did not select the “Non-Reimbursable” box, resulting in an improper payment to the employee. In the example below, airfare expense was paid for with the University credit card, and the Payment Type was marked as “University Credit Card,” but the “Non-Reimbursable” box was not selected (see Figure 2). Even though the airfare was paid for by the University using a University credit card, the employee improperly received payment for the expense. This is the condition that was noted and reported in our prior Review Report No. 17/18-05. As mentioned above, the Office of the Controller addressed the root cause of this issue in 2018. However, the instances found during this review that mirror the condition noted above in this example occurred between the end of the prior review period and before the remediation was implemented. This accounted for \$4,848 of the \$27,018 (18%) in identified overpayments.



## **Recommendations**

The Office of the Controller should:	
1.1	Request reimbursement for amounts due from active and terminated employees identified in Appendix I.
1.2	Consider potential cost-effective, automated solutions to <u>prevent</u> University credit card transactions already incurred from being inappropriately reimbursed to the employee.
1.3	Implement a monitoring process like the SQL script used for this review to <u>detect</u> overpayments to employees on their Expense Report.
1.4	Ensure that responsible departmental staff receive refresher training on the Expense Report preparation, approval, and reconciliation of University credit card statements.

## **Management Response/Action Plan:**

- 1.1 The Travel staff within the Office of the Controller commenced the notification process to active and terminated employees on May 24, 2021, requesting repayment for overpaid amounts. From the outstanding amount of \$21,963, a total of \$8,510 has been recovered leaving a current outstanding balance of \$13,453. The Office of the Controller will continue efforts to recover outstanding amounts that may include engagement of collection agencies as deemed necessary.

Implementation Date: May 24, 2021

Complexity: Routine

- 1.2 The Office of the Controller will work with the University Technology Systems (UTS) department to identify any available tools or automated solutions within existing functionality that may be readily available through the PS Financials system to assist in detecting potential inappropriate reimbursements. Additionally, external, cost-effective third party solutions will also be explored to enhance and/or supplement preventive mitigation efforts to minimize this risk of issuing overpayments as well.

Implementation Date: March 31, 2022 (on-going)

Complexity: Moderate

- 1.3 The Financial System & Support Services (FSSS) group, within the Office of the Controller, has already created a query that compares expense report payments to University credit card charges. The use of this query data as part of a monthly review process will serve to more timely identify any potential overpayments issued to employees, which will result in more timely collection actions to obtain repayments for amounts inappropriately reimbursed.

Implementation Date: May 18, 2021

Complexity: Routine

- 1.4 The Travel Department will work closely with FSSS staff to offer training to those employees noted during the review (expected completion by July 1, 2021) and will offer and encourage an annual refresher training to employees that engage in such roles. Currently, all new employees are provided system access to create Travel Authorizations/Expense Reports, however, while Travel and Expense trainings are available online, they are not mandatory. The Office of the Controller will work with FSSS staff to explore options for creating separate roles in the system for employees tasked with the functions of creating Travel Authorizations/Expense Reports to include the requirement of completing the Travel and Expenses trainings prior to being granted access to perform these functions, which should help reduce errors resulting in overpayments.

Implementation Date: July 1, 2021 (on-going)

Complexity: Routine

#### Attachment

#### C: FIU Board of Trustees

Mark B. Rosenberg, University President

Kenneth G. Furton, Provost, Executive Vice President, and Chief Operating Officer

Kenneth A. Jessell, Senior Vice President and Chief Financial Officer

Javier I. Marques, Vice President and Chief of Staff, Office of the President

## APPENDIX I – OVERPAYMENTS

	Employee ID	Expense Report Number	Date Reimbursed	Expense Report Line Amount	Total Overpaid	Employee Status As of 4/27/2021)	Total Recovered	Total Due
1	1347397	374493	6/14/2019	\$ 987.42	\$ 2,065.59	Active	\$ -	\$ 2,065.59
		370481	4/26/2019	\$ 865.57				
		352223	5/18/2018	\$ 212.60				
2	2344078	366334	2/28/2019	\$ 1,193.67	\$ 1,862.66	Active	\$ -	\$ 1,862.66
		366334	2/28/2019	\$ 668.99				
3	1260065	373468	6/12/2019	\$ 838.67	\$ 1,792.15	Active	\$ -	\$ 1,792.15
		373452	6/4/2019	\$ 474.00				
		373468	6/12/2019	\$ 162.90				
		373452	6/4/2019	\$ 316.58				
4	0107674	390210	5/6/2020	\$ 1,341.82	\$ 1,341.82	Active	\$ -	\$ 1,341.82
5	5007459	390228	4/29/2020	\$ 1,248.68	\$ 1,248.68	Active	\$ -	\$ 1,248.68
6	0106115	358204	8/28/2018	\$ 1,114.18	\$ 1,114.18	Active	\$ 1,114.18	\$ -
7	2135731	376506	8/8/2019	\$ 1,000.00	\$ 1,000.00	Active	\$ 1,000.00	\$ -
8	6080301	347859	2/19/2018	\$ 965.00	\$ 965.00	Terminated	\$ 965.00	\$ -
9	0109617	377138	8/1/2019	\$ 877.96	\$ 877.96	Terminated	\$ -	\$ 877.96
10	1292563	364171	12/21/2018	\$ 764.60	\$ 764.60	Terminated	\$ -	\$ 764.60
11	6028625	381340	10/31/2019	\$ 745.10	\$ 745.10	Active	\$ 745.10	\$ -
12	5489004	383556	12/9/2019	\$ 699.52	\$ 699.52	Active	\$ -	\$ 699.52
13	5048071	362062	11/20/2018	\$ 619.60	\$ 619.60	Active	\$ -	\$ 619.60
14	5822239	370397	4/17/2019	\$ 595.98	\$ 595.98	Active	\$ -	\$ 595.98
15	3791155	358416	8/23/2018	\$ 293.04	\$ 537.68	Terminated	\$ -	\$ 537.68
		352727	5/17/2018	\$ 244.64				
16	2103169	360589	11/6/2018	\$ 533.31	\$ 533.31	Active	\$ -	\$ 533.31
17	4887481	361496	11/1/2018	\$ 404.40	\$ 480.00	Active	\$ -	\$ 480.00
		361496	11/1/2018	\$ 75.60				
18	6051300	352499	4/26/2018	\$ 473.00	\$ 473.00	Active	\$ -	\$ 473.00
19	2092540	362878	12/4/2018	\$ 469.92	\$ 469.92	Active	\$ -	\$ 469.92
20	6054283	362256	12/3/2018	\$ 455.00	\$ 455.00	Active	\$ -	\$ 455.00
21	6055552	392312	2/11/2021	\$ 434.81	\$ 434.81	Terminated	\$ -	\$ 434.81
22	5380886	355818	7/20/2018	\$ 432.00	\$ 432.00	Terminated	\$ -	\$ 432.00
23	6143606	360000	10/12/2018	\$ 424.26	\$ 424.26	Active	\$ -	\$ 424.26
24	1405117	360371	10/12/2018	\$ 404.40	\$ 404.40	Active	\$ 404.40	\$ -
25	6055436	353186	5/11/2018	\$ 402.39	\$ 402.39	Terminated	\$ -	\$ 402.39
26	4660742	358992	10/11/2018	\$ 395.00	\$ 395.00	Terminated	\$ -	\$ 395.00
27	1561369	359646	9/25/2018	\$ 379.40	\$ 379.40	Terminated	\$ -	\$ 379.40
28	0110604	361851	11/15/2018	\$ 370.22	\$ 370.22	Active	\$ -	\$ 370.22
29	1644934	379101	10/11/2019	\$ 370.00	\$ 370.00	Active	\$ -	\$ 370.00
30	4552463	355921	6/28/2018	\$ 363.40	\$ 363.40	Active	\$ -	\$ 363.40
31	0109060	365232	1/16/2019	\$ 340.00	\$ 340.00	Active	\$ -	\$ 340.00
32	1061632	353267	5/22/2018	\$ 338.61	\$ 338.61	Active	\$ 338.61	\$ -
33	1411420	369458	4/5/2019	\$ 331.00	\$ 331.00	Active	\$ -	\$ 331.00
34	5820656	349418	5/8/2018	\$ 325.75	\$ 325.75	Terminated	\$ -	\$ 325.75 *
35	6094084	348839	5/7/2018	\$ 325.75	\$ 325.75	Deceased	\$ -	\$ 325.75 *
36	5603347	357560	9/5/2018	\$ 319.80	\$ 319.80	Terminated	\$ -	\$ 319.80
37	5679104	357657	8/10/2018	\$ 297.00	\$ 297.00	Active	\$ -	\$ 297.00
38	3311131	380943	11/7/2019	\$ 271.60	\$ 271.60	Active	\$ -	\$ 271.60
39	4969969	359593	9/20/2018	\$ 253.40	\$ 253.40	Active	\$ -	\$ 253.40
40	2267131	357562	10/1/2018	\$ 250.00	\$ 250.00	Terminated	\$ 250.00	\$ -
41	6047475	354060	6/21/2018	\$ 250.00	\$ 250.00	Terminated	\$ -	\$ 250.00
42	3354853	370935	5/23/2019	\$ 245.00	\$ 245.00	Terminated	\$ -	\$ 245.00
43	1572420	359675	9/25/2018	\$ 238.00	\$ 238.00	Active	\$ 238.00	\$ -
44	2611933	350413	3/22/2018	\$ 212.40	\$ 212.40	Active	\$ -	\$ 212.40
45	6144675	386583	2/26/2020	\$ 202.27	\$ 202.27	Active	\$ -	\$ 202.27
46	6090998	391877	1/13/2021	\$ 200.00	\$ 200.00	Active	\$ -	\$ 200.00
					<b>\$ 27,018.21</b>		<b>\$ 5,055.29</b>	<b>\$ 21,962.92</b>

\* Payment is due from the hotel, not the employee.

## APPENDIX II – COMPLEXITY RATINGS LEGEND

### Legend: Complexity of Corrective Action

1	<b>Routine:</b> Corrective action is believed to be uncomplicated, requiring modest adjustment to a process or practice.
2	<b>Moderate:</b> Corrective action is believed to be more than routine. Actions involved are more than normal and might involve the development of policies and procedures.
3	<b>Complex:</b> Corrective action is believed to be intricate. The solution might require an involved, complicated, and interconnected process stretching across multiple units and/or functions; may necessitate building new infrastructures or materially modifying existing ones.
4	<b>Exceptional:</b> Corrective action is believed to be complex, as well as having extraordinary budgetary and operational challenges.

## **APPENDIX III – OIA CONTACT AND STAFF ACKNOWLEDGMENT**

**OIA contact:**

Joan Lieuw 305-348-2107 or [jlieuw@fiu.edu](mailto:jlieuw@fiu.edu)

**Contributors to the report:**

In addition to the contact named above, the following staff contributed to this review in the designated roles:

Natalie San Martin (auditor-in-charge)  
Manuel Sanchez (supervisor and reviewer)  
Vivian Gonzalez (independent reviewer)

## **Definition of Internal Auditing**

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**Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.**